

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM
(42 U.S.C. 294-294f)

PROMISSORY NOTE
(VARIABLE RATE)

When you receive the loan disbursement check for endorsement, you will be provided notice of the amount financed (the loan amount less the insurance premium), the pre-paid finance charge (the insurance premium), and the annual percentage rate (APR) for the initial quarter. You are not contractually obligated on the loan if the disbursement check is not endorsed.

PROMISE TO PAY

I, Alan M. Patterson, Jr., the borrower, promise to pay to First American Bank, N.A., Washington, D.C. (the lender), or the subsequent holder of this Note, the principal sum of \$7,852 to the extent it is advanced to me, to pay interest on the principal sum as set out below and to pay authorized late charges, all reasonable attorney's fees, and other costs and charges that are permitted by Federal regulations and are necessary for the collection of any amount not paid when due.

The lender and I further understand and agree that:

INTEREST

- Beginning on the day the loan is disbursed and ending when the repayment period commences, interest shall accrue. Payment of the interest accruing before the beginning of the repayment period may be postponed until the date upon which repayment of principal is required to begin or to resume, interest which has accrued and is not paid may be added to the principal sum of this Note not more frequently than every six (6) months. Beginning when the repayment period commences, interest shall accrue and be paid as set forth in the Repayment Schedule which the lender shall establish and provide to me.
- Interest shall accrue and be payable at an **ANNUAL PERCENTAGE RATE** which is equal to a variable rate which is calculated by the Secretary of the Department of Health and Human Services for each calendar quarter and computed by determining the average of the bond equivalent rates for the ninety-one day U.S. Treasury Bills auctioned during the preceding quarter, plus 3.5 percent, rounding this figure up to the nearest 1/8 of 1 percent.
- Any change in the **ANNUAL PERCENTAGE RATE** will affect the payment amounts, the number of payments, or the amount due at maturity.

INSURANCE PREMIUM

I agree to pay the lender, in addition to interest and principal due, an amount equal to the premium that the lender is required to pay to the Secretary in order to provide insurance coverage on this Note. Payment of an insurance premium calculated in accordance with instructions issued by the Secretary shall be due and payable immediately and may be taken by the lender from the loan proceeds.

REPAYMENT

- Repayment shall be made in periodic installments over a repayment period which starts the first day of the tenth month after the month in which I cease to be a full-time student at a HEAL school. However, if I become an intern or resident in an accredited program before that date, then the repayment period begins the first day of the tenth month after the month in which I cease to be an intern or resident.
- The repayment period shall not be less than 10 years nor more than 25 years. In no event, however, shall the repayment period extend to a date that is more than 33 years from the date on which I signed this Promissory Note. Any period described under DEFERMENT shall not be included in determining the 10, 25, or 33 year periods.
- The terms and conditions of repayment shall be set forth in a separate Repayment Schedule which the lender shall establish and shall provide me prior to the beginning of the repayment period.
- I shall make a minimum annual repayment of at least \$600 or an amount equal to the annual interest on the unpaid principal balance, whichever is greater. If I have other outstanding HEAL

GENERAL

The terms of this Note shall be construed according to the Law (42 U.S.C. 294-294f) and the Federal regulation (42 CFR Part 60) governing the administration of the Health Education Assistance Loan (HEAL) Program, copies of which are on file with the holder of this Note.

I shall promptly notify the lender or any other holder of this Note in writing, of any change of name, address, school enrollment status or any other event described in paragraph 3 of the Borrower's Responsibilities as found on the reverse side of this Note.

I agree that all proceeds from this loan will be used solely for tuition and other reasonable educational and living expenses, including room and board, fees, books, supplies and equipment, laboratory expenses, transportation and commuting costs, personal expenses, the HEAL insurance premium, and interest on HEAL loans.

I have read and understand the Statement of Rights and Responsibilities printed on the reverse side of this form.

loans, the sum of all payments to all holders of my HEAL loans shall not be less than \$600 or an amount equal to the consolidated interest on the unpaid principal balances, whichever is greater. However, the \$600 rule does not apply if it would result in my repaying a HEAL loan in fewer than 10 years.

PREPAYMENT

I may, at my option and without penalty, prepay all or any part of this loan (principal or accrued interest) at any time, in the event of such prepayment, I shall be entitled to a rebate of unearned interest computed by [] the Sum of the Digits Formula (Rule of 78ths), or [] other identity: N/A (Not to be completed if simple interest is computed on a daily basis).

DEFERMENT

Periodic installments of principal and interest need not be paid, but interest shall accrue:

- When I am carrying a full-time course of study at a HEAL school or at an institution of higher education participating in the Guaranteed Student Loan Program; and
- Not in excess of three years for each of the following when I am:
 - a member of the Armed Forces of the United States;
 - in service as a volunteer under the Peace Corps Act;
 - in service as a full-time volunteer under Title I of the Domestic Volunteer Service Act of 1973; and
 - a member of the National Health Service Corps.
- Not in excess of four years when I am a participant in an accredited internship or residency program.

LATE CHARGES

I may be assessed a late charge of five percent of the installment payment or \$5.00, whichever is less, on any payment made later than 10 days after the due date.

DEATH/DISABILITY

If I die or become totally and permanently disabled, my unpaid indebtedness on this Note shall be cancelled in accordance with applicable Federal regulations.

DEFAULT

In the event of my default on this loan, the entire unpaid loan including interest due and accrued shall, at the option of the holder of this Note, become immediately due and payable.

Alan M. Patterson, Jr.
SIGNATURE OF BORROWER

706 Agricola St.; Marietta, Ga.
ADDRESS
30062

6/8/84
DATE

SIGNATURE OF BORROWER

ADDRESS

DATE

*NOTICE: This Note shall be executed without security and without endorsement, except that, if the borrower is a minor and this Note would not, under applicable State law, create a binding obligation, the lender may require an endorser also to sign this Note. The lender shall submit a copy of this Note to the borrower.

(NOVEMBER 1982)

(WHITE) SALLIE MAE COPY (YELLOW) SCHOOL COPY (PINK) STUDENT COPY

Borrower's Rights

1. The loan check or draft must be made payable to me or if authorized by me — jointly to me and the school. The check or draft must require my endorsement.
2. The lender must provide me with a copy of the completed promissory note when the loan is made. The lender must return the note to me when the loan is paid in full.
3. If the lender assigns (e.g., sells) the loan and the right to receive payments, I must be sent a clear notification which spells out my obligations to the new holder.
4. I have a right to a 9-month "grace period" before repayment begins after I have completed school attendance (and internship and residency in an accredited program, if started before the first day of the tenth month after I ceased to be a full-time student at a HEAL school).
5. I have a right to prepay the whole or any portion of the loan at any time without a penalty.
6. I have a right to deferment of principal and interest repayments if certain conditions exist. Under deferment, I am not required to make payments on the loan principal or interest for a period of time. The conditions that qualify me for a deferment are listed under DEFERMENT on the promissory note.
7. The lender will provide me with a repayment schedule before the repayment period begins.
8. My loan obligation will be cancelled in the event of my death or permanent and total disability in accordance with applicable Federal regulations.
9. At the option of the Federal Government, I may apply for a special contract to have my loan fully or partially repaid by serving for at least two years in the National Health Service Corps or in a health manpower shortage area identified by the Secretary of H.H.S. I understand that a contract may be granted depending on the availability of positions in shortage areas and the availability of Federal funds appropriated for this purpose.
10. The lender cannot change the terms of my HEAL loan without my consent.

Borrower's Responsibilities

1. I understand that there is no interest subsidy on a HEAL loan and that I must pay all interest on the loan. If I do not make payments on time or if I default, the total amount to be repaid may be increased by additional interest costs, late charges, attorney's fees, court costs and other collection costs.
2. I understand that the lender may charge me an insurance premium and that I will not be entitled to any refund of this premium.
3. I must immediately notify the lender if any of the following occurs before the loan is repaid:
 - a. change of address
 - b. name change (e.g., maiden name to married name)
 - c. failure to enroll in a HEAL school for the period for which the loan is intended
 - d. transfer to another school
 - e. withdrawal from school or attendance on a less than full-time basis
 - f. graduation
 - g. cessation of participation in an internship/residency program or other eligible deferment status.
4. I must repay the loan in accordance with a repayment schedule. More detailed information about the repayment terms is listed under REPAYMENT on the promissory note.
5. I must notify the lender of any occurrence which may affect my eligibility to receive or to continue to receive a deferment of principal and interest payments.
6. I understand that this loan must be paid. If I do not make payments when due, the lender may declare my loan in default. If I default, the Federal Government will take over my loan and I will then owe the Government. My default may result in court action to force me to pay. Federal law precludes me from discharging this loan in bankruptcy until after the first five years of the repayment period.
7. I understand that I can only use the proceeds of my HEAL loan for tuition and other reasonable educational and living expenses.

All right, title and interest of the undersigned is hereby assigned (without warranty, except that the note qualifies for insurance) to the United States of America.

By *Stephanie Brubaker* 4-4-88
Charm Analyst
 15c/va